REMARKS

The Abstract has been amended to conform to U.S. requirements.

The claims have been amended to overcome the rejection under 35 U.S.C. §112, second paragraph. In addition, the term "output" has been changed to --right or obligation-- to more definitely define Applicants' contribution to the art. In addition, certain syntax changes have been made in the claims, and claims 11-18 have been added to provide Applicants with the protection to which they are deemed entitled.

Applicants traverse the rejection of claim 9 under 35 U.S.C. §101. The attention of the Examiner is directed to *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368; 47 U.S.P.Q.2d 1596 (Fed. Cir. 1998), and *AT&T v. Excel Communications, Inc.*, 172 F.3d 1352, 1358; 50 U.S.P.Q.2d 1447 (Fed. Cir. 1999). The claims in *State* Street and the *AT&T* cases were directed to using computer technology to produce commercial effects. The same is true with regard to claim 9. In the *AT&T* case, the claims were drawn to a long-distance telephone billing process including mathematical algorithms. The steps were generating a message record and including in the message record a primary interexchange carrier indicator having a certain value. The court said the claims were directed to patentable subject matter, because "the claimed process applies Boolean principles to produce a useful,

concrete, tangible result without pre-empting other uses of the mathematical principle."

In the *State Street* case, the court upheld the claims because they provided for a "transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price". The court found "that such a transformation of data constitutes a practical application of a mathematical algorithm, formula or calculation because it produces a useful, concrete and tangible result--a final share price momentarily fixed for recording and reporting purposes and even accepted and relied upon by statutory authorities and in subsequent trades." The *AT&T* decision notes that the *State Street* case is applicable to a machine or process.

The situation regarding claim 9 is similar, because it is directed to a method of determining a right or obligation of a contract or agreement at any point in time. The method includes steps similar to the steps of the *AT&T* case, because the steps involve creating a state machine, storing a state machine, receiving data at the state machine, determining whether a received event results in a change of the state of the state machine, changing the status of the state machine accordingly, and determining the state of the state machine and the right and obligation of the contract or agreement from the determined state of the state machine.

Claim 9 is thus directed to technology to at least as great an extent as the claims considered by the Federal Circuit in the AT&T and *State Street* cases. Accordingly, claim 9 conforms with 35 U.S.C. §101. The same is true of newly submitted method claim 12, which indicates that at least some terms of a contract or agreement are represented as a state variable of a computer arrangement that receives data representative of one or more elements relative to the contractor or agreement. The computer arrangement determines whether the event changes the status of the computer arrangement. The computer arrangement determines the right or obligation in response to the received data and the status of the computer arrangement.

Claims 1-10, as amended, distinguish over Conant, U.S. Patent Publication No. 2002/0129056, by requiring the right or obligation of a contract or agreement at any point in time to be determined. Conant is not concerned with determining a right or obligation of a contract or agreement. Instead, Conant is concerned with an exchange of clauses between the parties during negotiation of an agreement. Consequently, Conant does not have a disclosure of determining a right or obligation of a contract or agreement at any point in time in response to received data representative of one or more events relative to a contract or agreement and the status of a state machine, as claim 1 requires. Further, Conant does not

disclose determining the state of a state machine at a point in time and the right or obligation of a contract or agreement from the determined state of the state machine, as claim 9 requires. Also, Conant does not deal with plural contracts or agreements and does not include means for determining a right or obligation of one or more of the plural stored contracts or agreements in response to an occurrence of one or more events affecting plural possible rights and obligations under the contracts, as claim 10 requires.

Conant does not disclose or make obvious the requirement of newly added claim 11 for determining the right or obligation of an agreement in response to a consequent output state of models including at least one state variable for representing a term of an agreement, as claim 11 requires.

Conant does not disclose or make obvious the requirement of each of claims 12-14 for a right or obligation to be determined in response to received data and the status of a computer arrangement. Dependent claims 15-18 depend from claim 1 or claim 9. Claims 15 and 17 say the status defined by claims 1 and 9 is determined by the state variable. Claims 16 and 18 indicate that the contract or agreement of claims 1 and 9 is in force.
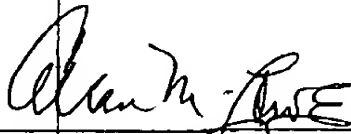
In view of the foregoing amendments and remarks, favorable reconsideration and allowance are respectfully requested and deemed in order.

To any extent necessary, Applicants hereby request an extension of time in which to file this paper. In this regard, the Commissioner is hereby authorized to charge any omitted fees, including extension of time fees, or to credit any overpayment to Deposit Account 07-1337.

Respectfully submitted,

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